

**UNITED STATES OF AMERICA
BEFORE FEDERAL TRADE COMMISSION**

In the Matter of)	
)	
Valero Energy Corporation,)	
a corporation,)	File No. 011-0141
)	
and)	
)	
Ultramar Diamond Shamrock)	
Corporation,)	
a corporation.)	
)	

AGREEMENT CONTAINING CONSENT ORDERS

The Federal Trade Commission (“Commission”), having initiated an investigation of the proposed merger involving Respondents Valero Energy Corporation (“Valero”) and Ultramar Diamond Shamrock Corporation (“Ultramar”), and it now appearing that Valero and Ultramar, sometimes referred to as “Proposed Respondents,” are willing to enter into this Agreement Containing Consent Orders (“Consent Agreement”) to divest certain assets and providing for other relief:

IT IS HEREBY AGREED by and between Proposed Respondents, by their duly authorized officers and attorneys, and counsel for the Commission that:

1. Proposed Respondent Valero is a corporation organized, existing and doing business under and by virtue of the laws of the state of Delaware, with its office and principal place of business located at One Valero Place, San Antonio, TX 78212.
2. Proposed Respondent Ultramar is a corporation organized, existing and doing business under and by virtue of the laws of the state of Delaware, with its office and principal place of business located at 6000 N. Loop 1604 West, San Antonio, TX 78249.
3. Proposed Respondents admit all the jurisdictional facts set forth in the draft of Complaint here attached.
4. Proposed Respondents waive:
 - a. any further procedural steps;

- b. the requirement that the Commission's Decision and Order and Order to Hold Separate and Maintain Assets, attached hereto and made a part hereof, contain a statement of findings of fact and conclusions of law;
 - c. all rights to seek judicial review or otherwise to challenge or contest the validity of the Decision and Order or the Order to Hold Separate and Maintain Assets entered pursuant to this Consent Agreement; and
 - d. any claim under the Equal Access to Justice Act.
5. Proposed Respondents shall submit an initial report at the time they execute this Consent Agreement and every thirty (30) days thereafter until the Decision and Order becomes final, pursuant to Section 2.33 of the Commission's Rules, 16 C.F.R. § 2.33, signed by the Proposed Respondents setting forth in detail the manner in which the Proposed Respondents have to date complied or have prepared to comply, are complying, and will comply with the Decision and Order and Order to Hold Separate and Maintain Assets. Such reports will not become part of the public record unless and until the Consent Agreement, Decision and Order, and Order to Hold Separate and Maintain Assets are accepted by the Commission for public comment.
 6. Because there may be interim competitive harm, the Commission may issue its Complaint and Order to Hold Separate and Maintain Assets in this matter at any time after it accepts the Consent Agreement for public comment.
 7. This Consent Agreement shall not become part of the public record of the proceeding unless and until it is accepted by the Commission. If this Consent Agreement is accepted by the Commission, it, together with the Complaint contemplated hereby, will be placed on the public record for a period of thirty (30) days and information in respect thereto publicly released. The Commission thereafter may either withdraw its acceptance of this Consent Agreement and so notify Proposed Respondents, in which event it will take such action as it may consider appropriate, or issue and serve its Complaint (in such form as the circumstances so require) and its Decision and Order, in disposition of the proceeding.
 8. This Consent Agreement is for settlement purposes only and does not constitute an admission by Proposed Respondents that the law has been violated as alleged in the draft of Complaint here attached, or that the facts as alleged in the draft Complaint, other than jurisdictional facts, are true.
 9. This Consent Agreement contemplates that, if it is accepted by the Commission, the Commission may (1) issue and serve its Complaint corresponding in form and substance with the draft of Complaint here attached, (2) issue and serve its Order to Hold Separate

and Maintain Assets, and (3) make information public with respect thereto. If such acceptance is not subsequently withdrawn by the Commission pursuant to the provisions of § 2.34 of the Commission's Rules, 16 C.F.R. § 2.34, the Commission may, without further notice to Proposed Respondents, issue the attached Decision and Order, in disposition of this proceeding. When final, the Decision and Order and the Order to Hold Separate and Maintain Assets shall have the same force and effect and may be altered, modified or set aside in the same manner and within the same time provided by statute for other orders. The Decision and Order and Order to Hold Separate and Maintain Assets shall become final upon service. Delivery of the Complaint, Decision and Order, and Order to Hold Separate and Maintain Assets to Proposed Respondents by any means specified in Commission Rule 4.4(a), 16 C.F.R. § 4.4(a), shall constitute service. The Proposed Respondents waive any right they may have to any other manner of service. The Complaint may be used in construing the terms of the Decision and Order and Order to Hold Separate and Maintain Assets, and no agreement, understanding, representation, or interpretation not contained in the Consent Agreement, Decision and Order, or Order to Hold Separate and Maintain Assets may be used to vary or contradict the terms of the Decision and Order or the Order to Hold Separate and Maintain Assets.

10. By signing this Consent Agreement, Proposed Respondents represent and warrant that they can comply with the provisions of the attached Decision and Order and Order to Hold Separate and Maintain Assets and accomplish the full relief contemplated by the attached Decision and Order and Order to Hold Separate and Maintain Assets, and that all subsidiaries, affiliates, and successors necessary to effectuate the full relief contemplated by this Consent Agreement, Decision and Order, and Order to Hold Separate and Maintain Assets are parties to the Consent Agreement.
11. Proposed Respondents have read the proposed Complaint, Decision and Order, and Order to Hold Separate and Maintain Assets contemplated hereby. Proposed Respondents understand that once the Decision and Order has been issued, they will be required to file one or more compliance reports showing that they have fully complied with the orders. Proposed Respondents agree to comply with the proposed Decision and Order and the Order to Hold Separate and Maintain Assets from the date they execute this Consent Agreement. Proposed Respondents understand that they may be liable for civil penalties in the amount provided by law for each violation of the Decision and Order and Order to Hold Separate and Maintain Assets after they become final.

Signed this 30th day of November, 2001

VALERO ENERGY CORPORATION

By: _____
William E. Greehey
Chairman and Chief Executive
Officer

David S. Neill
Wachtell, Lipton, Rosen & Katz
Counsel for Valero Energy
Corporation

**ULTRAMAR DIAMOND SHAMROCK
CORPORATION**

By: _____
Jean Gaulin
Chairman and Chief Executive
Officer

Peter J. Love / Phillip A. Proger
Jones, Day, Reavis & Pogue
Counsel for Ultramar Diamond
Shamrock Corporation

FEDERAL TRADE COMMISSION

By: _____
Peter Richman
Attorney
Mergers III
Bureau of Competition

Approved:

Catharine M. Moscatelli
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Director
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